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Mr D Sandison
Chair, Transition Board
Shetland UHI
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15 April 2021

Dear David

Transfer of SFTCT/NAFC Marine Centre

The Trustees of SFTCT at their last board meeting on the 8th April 2021 agreed to proceed with the transfer of the charity's operations and staff, subject to formally agreeing the Business Transfer Agreement and separately the pension position with the Shetland Islands Council with regard to the cessation costs.

You will recall there were 4 conditions required to be met to progress to transfer. These are documented in our Minute of the Meeting of 17 December 2018. In addition, the Trust approved on 1 April 2020 the progression of the MMBC, despite concerns regarding the financial and educational case. Copies of those minutes are enclosed for reference as it is important to understand the background.

We consider items 1 and 4 to have been met and await the documentation for item 2. In terms of item 3, the Trustees recognise that its own financial sustainability is difficult going forward despite having grown in a number of areas. We continue to also take comfort from those that attended our meeting of 17 December 2018 and remain key players and in particular Dr Kemp formerly of SFC and now with UHI, and Mrs Sandison CEO of Shetland Islands Council.

*'Dr Kemp agreed that the SFC had recognised the Trust's willingness to engage in the process positively and they also understood the long and frustrating journey that all partners had taken to reach this point. He went on to acknowledge that a decision on merger would be particularly difficult for Trustees in view of their responsibility to ensure that any decision they take is in the best interests of the Trust and the furtherance of the charitable objects. He stressed that the FBC was not the plan for the future as that would be for the new Principal and the Shadow Board to develop. **Dr Kemp also gave an assurance that the SFC and UHI fully recognised their responsibility in ensuring the viability and sustainability of the new organisation.'***

'Mrs Sandison then gave a summary of the Council's position and the decisions taken by Council on merger the previous week. She brought Trustees up to date on the latest developments regarding pension liability and advised that, provided the Trust agrees to merger, the Council would cover all

pension cessation costs and any outstanding pension liabilities. Trustees were happy to hear of this development but agreed that, in order to meet their responsibilities as charity trustees, they would need written confirmation of this.'

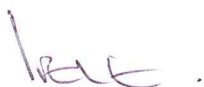
In agreeing to the transfer, the Trustees are in good faith, entrusting to Shetland UHI and UHI, a history of nearly 30 years of training, education, and research with a unique marine industry focus, together with dedicated and industry focussed staff in training and skills, research and development and central support.

NAFC Marine Centre is an internationally recognised name and brand and the Trust are clear in their hopes that Shetland UHI will continue to provide all the necessary services, while also looking to the future, as local and national/international demands change and opportunities arise. We support the vision of Shetland UHI and look to UHI to commit financially and strategically as highlighted by Professor Todd Walker in his letter of 6 April 2021 to Professor Jane Lewis of Shetland UHI *"I am confident that we can work together to ensure that the new college is funded appropriately."*

Our role as Trustees of SFTCT, although small in size as an educational and scientific institute, but big in aspiration and strategic importance to the maritime industry, is coming to an end. There remain concerns about the future provision and financial stability within Shetland UHI (given the SFC recent stance), for its staff, students, and industry it serves. However, we recognise that the Board of Shetland UHI are best placed to take forward the provision of those important services and we will support them to ensure as smooth a transition as possible.

We wish the Board every success and now look forward to how we can support a successful and dynamic provision of education, training, and research in Shetland out with the Trust.

Yours sincerely



Irene Hambleton
Chair

c.c. Todd Walker, UHI